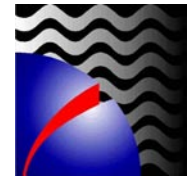


LAKE RESOURCES NL

QUARTERLY REPORT JULY-SEPTEMBER 2012



SUMMARY

During the quarter ended 30th September 2012, geochemical analyses were completed for the 17-hole reverse circulation (RC) drilling program undertaken earlier in the year at the Koh-i-Sultan Project in Balochistan, Pakistan. The results of the drilling support potential for gold and porphyry copper-gold deposits indicated by previous Lake Resources drilling – a substantial program of deeper diamond drilling is required to test these targets. Renewals of the three Exploration Licences over reduced areas were granted for a further three years.

Pakistan

Lake Resources (Lake) is exploring for porphyry copper-gold and epithermal gold deposits in the Chagai District of Balochistan (see p.2 for details). Significant mineral deposits in the region include the Saindak porphyry copper-gold mine and the Reko Diq copper-gold project of Antofagasta Plc and Barrick Gold Corporation.

Lake Resources holds three Exploration Licences (ELs) granted by the Government of Balochistan in September 2009. These ELs replaced previous ELs held by Lake that expired in March 2009. During the September 2012 quarter, applications for renewal of the ELs over reduced areas for a further period of 3 years were granted by Government of Balochistan as per Balochistan Mineral Rules. Details are set out in Table 1 and Figure 1 below.

Table 1: Balochistan Tenements

Tenement	Amalaf	Dasht-i-Gauran	Koh-i-Sultan
EL Number	(71)/5468-78	(72)/5492-5503	(73)/5479-91
Area (sq km)	46.9	29.12	85.1
Lake Interest	(see Note 1)	(see Note 1)	(see Note 1)
Grant Date	10/09/2009	10/09/2009	10/09/2009
Expiry Date	9/09/2015	9/09/2015	9/09/2015

Note 1: A condition of the new licences is that the Balochistan Government should have up to a 25% interest in the licences – the government advises that preparation of a draft agreement is under way.



Figure 1: Location and tenement map.

The **Amalaf** area adjoins the northern boundary of the Saindak copper-gold mine. The exploration target is large tonnage - low grade copper amenable to low-cost open-pit mining and trucking to the Saindak mine. In late 2005, one of two holes drilled by Lake to test part of this target intersected significant low-grade copper-molybdenum over the length of the hole with minor gold (12 -120m, 108 m @ 0.17%Cu & 94 ppm Mo).

The **Dasht-i-Gauran** area is situated to the west of copper mineralisation reported by TCC from drilling at its Sor Baroot Prospect at the Reko Diq Project, and covers a number of possible alteration zones identified from interpretation of satellite images.

At **Koh-i-Sultan**, Lake is exploring an extensive system of intensely altered breccia and volcanics covering an area of more than five square kilometres on the margin of an extinct volcanic caldera (See Fig. 2). Strong gold mineralisation was intersected in percussion drillhole LRM-01 on the western margin of the system in late 2005.

A five-hole diamond drilling program totaling 2284 m was completed in August 2008 (See Figs. 2 & 3 for drillhole locations). That program resulted in two new discoveries:

- porphyry-type copper-gold mineralisation in drillhole LRMDDH-002 (392 – 520 m, 128 m @ 0.14%Cu and 0.19 ppm Au) and
- a very large, variably-altered and mineralised breccia complex, intersected in all five drillholes, over a width of more than 700 m and a north-south extent of more than 400 m. Geologically significant gold values were intersected in the breccia in four of the five drillholes. It is believed that the southern extension of this breccia also hosts the gold mineralisation intersected in drillhole LRM-001.

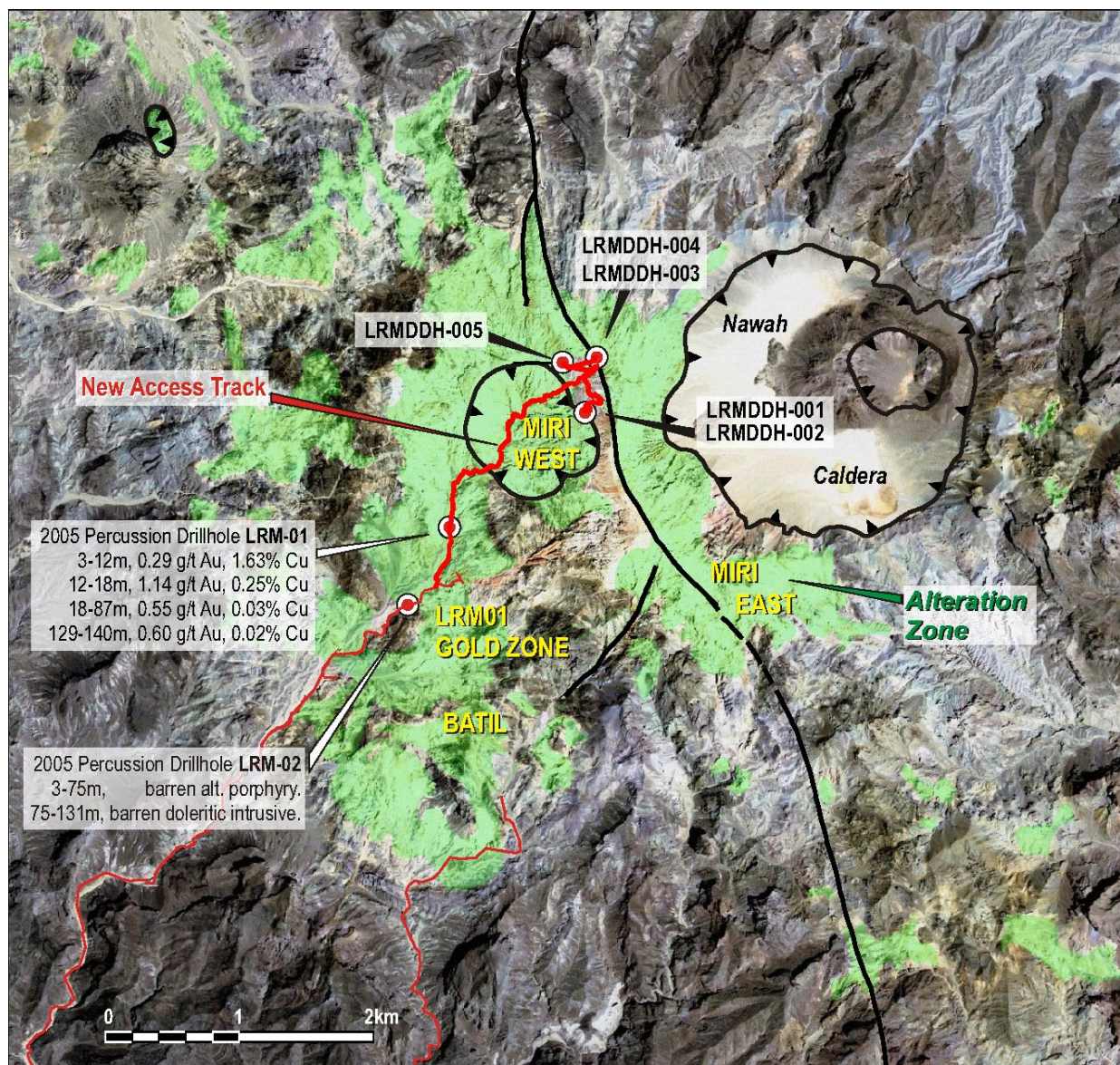


Figure 2: Plan showing Koh-i-Sultan alteration zones (green) and 2005 & 2008 drill sites.

Exploration

During the quarter ended 30th September 2012, geochemical analyses were completed for the 17-hole reverse circulation (RC) percussion drilling program undertaken earlier in the year at Koh-i-Sultan. The drillholes are located within an area approximately 1,000 m east-west by 1,500 m north-south, along Miri Nala, southwest of Nawah Caldera (Figure 3). Drillhole location and orientation details are set out in Table 2 below.

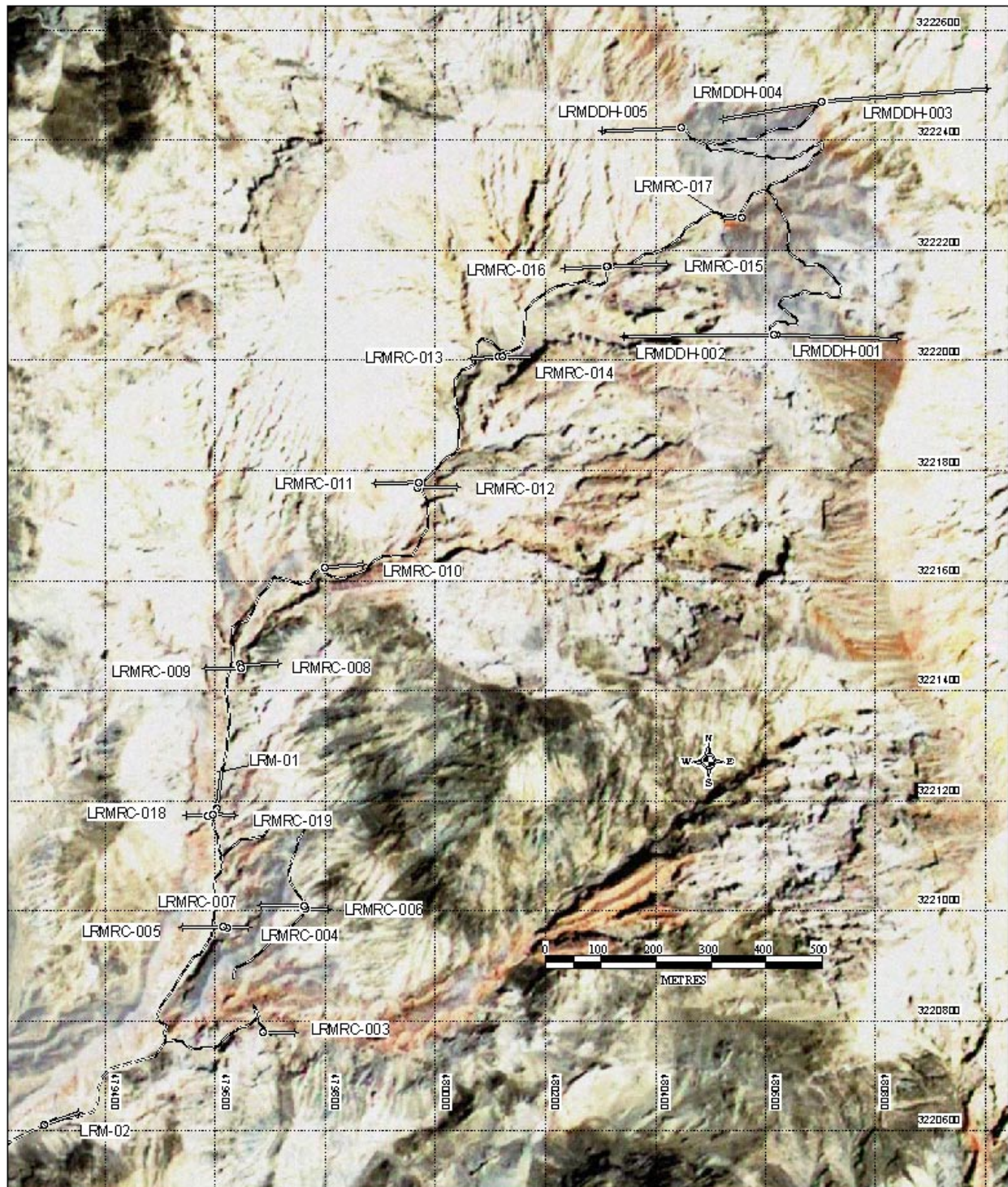


Figure 3: Koh-i-Sultan drillhole collar locations and drill traces – 2005 (LRM-01 – 02), 2008 (LRMDDH-001 – 005) & 2012 (LRMRC-003 – 019).

During the previous quarter, alternate 2 m samples from all drillholes were subjected to multi-element analysis 49 elements including silver base metals and a range of rare earths and trace elements by ICPAES and ICP analysis, and gold by fire assay with AAS finish. Following preliminary evaluation of the initial analyses, the remaining alternate samples from selected zones in some drillholes were analysed for the same suite of elements to provide continuous geochemical data for geochemically anomalous zones.

Table 2: 2012 Reverse Circulation Percussion Drillholes

Hole No.	North (m)	East (m)	R.L. (m)	Azimuth (degrees)	Angle (degrees)	Total depth (m)	Reason for termination
LRMRC-003	3,220,787	479,689	1,748	090°	-60°	112	Intersected H ₂ S gas
LRMRC-004	3,220,968	479,623	1,751	090°	-60°	73	Lost air
LRMRC-005	3,220,970	479,615	1,760	271°	-60°	148	Risk of H ₂ S gas
LRMRC-006	3,221,003	479,765	1,786	092°	-60°	80	Unpromising rocks
LRMRC-007	3,221,009	479,762	1,786	273°	-60°	157	
LRMRC-008	3,221,447	479,645	1,782	091°	-60°	139	
LRMRC-009	3,221,441	479,649	1,797	272°	-60°	133	Risk of H ₂ S gas
LRMRC-010	3,221,624	479,800	1,819	088°	-60°	139	Intersected H ₂ S gas
LRMRC-011	3,221,779	479,971	1,852	270°	-60°	160	
LRMRC-012	3,221,769	479,970	1,852	090°	-60°	139	Intersected H ₂ S gas
LRMRC-013	3,222,006	480,116	1,896	269°	-60°	98	Risk of H ₂ S gas
LRMRC-014	3,222,006	480,124	1,896	090°	-60°	100	Intersected H ₂ S gas
LRMRC-015	3,222,171	480,316	1,940	089°	-60°	211	
LRMRC-016	3,222,171	480,312	1,940	270°	-60°	151	
LRMRC-017	3,222,260	480,558	2,005	271°	-60°	64	Intersected water
LRMRC-018	3,221,172	479,588	1,755	275°	-60°	79	Risk of H ₂ S gas
LRMRC-019	3,221,175	479,597	1,755	095°	-60°	78	Risk of H ₂ S gas

Notes: Location measured by GPS – estimated accuracy ± 5 m horizontal, ± 20m vertical.
Co-ordinates are UTM, WGS84, Zone 41N, Azimuth is magnetic (magnetic variation 1.8° East),
R.L is height above mean sea level

The drilling equipment comprised a crawler-mounted multi-purpose (diamond coring and percussion) drill and a crawler-mounted air compressor (900 cfm @ 350 psi) (See Fig. 4)



Figure 4: Drill Site LRMRC-003
Crawler-mounted compressor on left, multi-purpose drill centre and cyclone sample collector front-centre.

A number of the RC drillholes were terminated before reaching planned depth when they encountered potentially lethal concentrations of pressurized H₂S gas (see Table 2 above).

Drillhole chip samples were collected continuously via a cyclone splitter (see fig. 4 above) for 2-metre intervals – two sample splits of approximately 1-2 kg in cloth bags and the remaining bulk in large UV-resistant plastic bags. One set of the 1 kg samples was packed in sealed plastic drums and air-freighted to ALS Laboratories in Brisbane for geochemical analysis. The duplicate 1-2 kg samples have been stored at the Nok Kundi exploration base for future reference. The bulk samples in plastic bags have been retained at the drill sites.

Drilling Results

At the southern end of the area, in the vicinity of the gold intersection in 2005 drillhole LRM-01, seven holes were drilled in variably altered volcanics and breccia. Five of these holes (LRMRC 005, 006, 007 & 009) were essentially barren except for patchy elevated levels of manganese.

However, significant gold was intersected in four drillholes, with associated copper in two of these holes, similar to drillhole LRM-01:

LRMRC-003	64 – 90 m	anomalous gold in 2 intervals:
	64 – 68 m	4 m @ 0.17 g/t Au
	74 – 90 m	16 m @ 0.14 g/t Au
LRMRC-005	90 – 134 m	anomalous gold in 4 intervals:
	90 – 92 m	2 m @ 0.11 g/t Au
	96 – 100 m	4 m @ 0.29 g/t Au
	106 – 112 m	6 m @ 0.13 g/t Au
	124 – 134 m	10 m @ 0.43 g/t Au
LRMRC-018	02 – 16 m	14 m @ 2.20 g/t Au & 0.32% Cu, including:
	02 – 12 m	10 m @ 2.96 g/t Au & 0.44% Cu
and		
	68 – 72 m	4 m @ 0.19 g/t Au
LRMRC-019	02 – 78 m	anomalous gold over the complete hole (average 1.47 g/t Au) with copper in the top 18 m including:
	02 – 22 m	20 m @ 2.23 g/t Au & 0.18% Cu
	22 – 58 m	36 m @ 0.27 g/t Au
	58 – 70 m	12 m @ 4.53 g/t Au
	70 – 78 m	8 m @ 0.39 g/t Au

To the north, drillholes LRMRC 010 – 17 intersected zones of geochemically anomalous levels of molybdenum (>5 ppm up to 130 ppm) and copper (>300 ppm up to 1675 ppm). Minor gold was intersected in some of these drillholes:

LRMRC-010	28 – 70 m	42 m @ 0.18 g/t Au including:
	28 – 42 m	14 m @ 0.16 g/t Au
	56 – 70 m	14 m @ 0.34 g/t Au
and		
	134 – 139 m	5 m @ 0.13 g/t Au
LRMRC-013	46 – 48 m	2 m @ 0.31 g/t Au
LRMRC-014	78 – 84 m	6 m @ 0.20 g/t Au
LRMRC-015	74 – 76 m	2 m @ 0.38 g/t Au
LRMRC-016	86 – 151 m	anomalous gold in 3 intervals:
	86 – 92 m	6 m @ 0.13 g/t Au
	110 – 120 m	10 m @ 0.13 g/t Au
	150 – 151 m	1 m @ 0.21 g/t Au
LRMRC-017	06 – 20 m	anomalous gold in 3 intervals:
	06 – 08 m	2 m @ 0.11 g/t Au
	12 – 14 m	2 m @ 0.11 g/t Au
	16 – 20 m	4 m @ 0.11 g/t Au

(Cutoff grade used for the above intersections is 0.10 g/t Au).

Conclusions

Results of the 2012 RC percussion drilling indicate potential for:

- a significant gold target, with possible supergene copper in the LRM001 – LRMRC003/005/018/019 area. The copper-gold association in some of these holes could indicate potential for porphyry copper-gold mineralization beneath this area.
- a large porphyry copper-gold target associated with the porphyry copper-gold intersection in 2008 drillhole LRMDDH002, supported by the intersections of elevated levels of molybdenum, copper and patchy gold in RC percussion holes LRMRC010 – 017.

A substantial program of deep diamond drilling (500 – 600m) is required to test these targets below the levels achievable with RC drilling.

A planned RC drilling program at the Amalaf Exploration Licence area that was scheduled for the second quarter 2012, was postponed as a result of a new Government of Pakistan policy requiring security clearances for expatriate personnel engaged in exploration activities in this region. Application for these clearances is in progress.

Cash Position

At the end of the September 2012 quarter, net cash on hand totaled A\$403,000.

26 October 2012



J.G. Clavarino (M AusIMM, MMICA)
Exploration Director

The information in this report that relates to Exploration Results, is based on information compiled by Jim Clavarino who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Clavarino is Exploration Director of Lake Resources NL and is employed by Argent Resources Pty Ltd. Mr. Clavarino has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Clavarino consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CONTACT INFORMATION

Office Address	3 Maud Street, Newstead, Brisbane, Queensland, Australia, 4006
Postal Address	GPO Box 1239, Brisbane, Queensland, Australia, 4001
Telephone	Peter Gilchrist (61) (7) 3257 1111 Jim Clavarino (61) (7) 3252 0255
Fax	(61) (7) 3257 2122
E-mail	lakeresources@lakeresources.com.au
Web site	www.lakeresources.com.au

Share Registry

Lake Resources' share registry is managed by **Link Market Services Limited** (formerly ASX Perpetual Registrars), Level 15, 324 Queen Street, Brisbane, Queensland, 4000

Shareholder matters including changes of address should be directed to:

- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235
- General shareholder enquiries, Phone: 1300 554 474 or (02) 8280 7111
- Email: registrars@linkmarketservices.com.au